HUBTOWN LIMITED

ENTERPRISE RISK MANAGEMENT POLICY

I. INTRODUCTION

Oxford Dictionary defined the term 'Risk' as a chance or possibility of danger, loss, injury or other adverse consequences.

'Risk Management' is a continuous and dynamic process that involves identification, assessment, analysis, and measurement of all potential threats, events, and associated risks which may have a bearing on the achievement of stated objectives or operations of the Company.

II. CLAUSE 49 OF THE LISTING AGREEMENT

Paragraph (C) of sub-clause IV of Clause 49 of the Listing Agreement states as under :

'The company shall lay down procedures to inform Board members about the risk assessment and minimization procedures. These procedures shall be periodically reviewed to ensure that the executive management controls risk through means of a properly defined framework.'

III. CORPORATE GOVERNANCE VOLUNTARY GUIDELINES 2009

Paragraph (II) (C) of Corporate Governance Voluntary Guidelines 2009 states as under :

(II) (C) Risk Management

1.1 The Board, its Audit Committee and its executive management should collectively identify the risks impacting the company's business and document their process of risk identification, risk minimization, risk optimization as a part of a risk management policy or strategy.

1.2 The Board should also affirm and disclose in its report to members that it has put in place critical risk management framework across the company, which is overseen once every six months by the Board. The disclosure should also include a statement of those elements of risk, that the Board feels, may threaten the existence of the company.

It has, therefore, become mandatory for all listed companies to prepare a comprehensive framework of risk management for assessment of risks and determine the responses to these risks so as to minimize their adverse impact on the organization.

IV. ENTERPRISE RISK MANAGEMENT [ERM]

1.1 **'Enterprise Risk Management'** is a discipline by which an organization in any industry assesses, controls, exploits, finances and monitors risks from all sources for the purpose of increasing the organisation's short-term and long-term value to all its stakeholders.

1.2 The Company has adopted a comprehensive Enterprise Risk Management (ERM) framework which will enable the Company to take an appropriate level of risks in its businesses and also enhances its ability to manage and mitigate such risks.

1.3 The risk categories covered under the ERM programme include operation, financial, business development, marketing as well as compliance-related risks across various levels in the organization.

1.4 **Scope of ERM :**

1.4.1 Aligning risk appetite and strategy
1.4.2 Enhancing risk response decisions
1.4.3 Reducing operational surprises and losses
1.4.4 Managing multiple and cross enterprise risks
1.4.5 Grabbing opportunities
1.4.6 Improving deployment of capital

1.5 **Objectives of ERM:**

1.5.1 Improve risk-based decision making
1.5.2 More effective use of capital
1.5.3. Comply with regulatory changes
1.5.4 Improve shareholder value
1.5.5 Anticipating problems before they become a threat
1.5.6 Co-ordinating various risk management activities

V. NEED FOR RISK MANAGEMENT FRAMEWORK

1.1 Risk Management Framework provides guidance to adopt a more holistic approach to managing risk.

1.2 The application of the framework is expected to provide the employees and the organization a better understanding of the nature of risk, and to mange it more systematically.

VI. RISK MANAGEMENT PROCESS

1.1 Hubtown Limited is a Real Estate Development Company prone to inherent business risks like any other organization. In fact, Risk is an inherent feature of any business activity, more so when the dependence is on the consistency of the deliverables of the Company.

1.2 Hubtown recognizes that risk is an integral and unavoidable component of business and is committed to managing the risk in a proactive and effective manner.

1.3 In today's highly challenging and competitive business environment, strategies for mitigating inherent risks in accomplishing the growth plans of the Company are imperative.

1.4 This document is intended to formalize a risk management policy, the objective of which, shall be identification, monitoring and minimizing identifiable risks.

1.5 The Board of Directors and the Audit and Compliance Committee shall periodically review the risk management policy of the Company so that the management controls the risks through a well defined network.

1.6 All HODs shall be responsible for the implementation of the Risk management System as may be applicable to their respective areas of functioning and report to the Chief Financial Officer or Chief Risk Officer who in turn shall co-ordinate with the Audit and Compliance Committee.

VII. ENTERPRISE RISK MANAGEMENTFRAMEWORK

1.1 Risk Identification and Classification

- Risks from internal and external sources have to be identified.
- Risk identification can start with the source of the problem or the problem itself in consultation with all the concerned departments and functions.
- Risks have been broadly classified as provided in the attached **Annexure – I**.

1.2 Risk Assessment and Risk Analysis

- Each Head of Department shall own the risk pertaining to their respective functions.
- The risk owner shall interface with other departmental heads whenever cross-functional business processes are involved.
- The risks shall be analysed in detail, considering likelihood and impact, as a basis for determining how they should be managed.
- Risk Assessment consist of a detailed study of threats and vulnerability and resultant exposure to various risks.

1.3 Risk Mitigation

- The management shall adopt a systematic approach to mitigate risks associated with the accomplishment of objectives, operations, revenues and regulations.
- As can be seen in the Annexure, mitigating factors have been identified for majority of the perceived risks. There is, however, always a residual risk attached to the business.Hubtown has, therefore, put in place a continuing monitoring mechanism to deal with risks on an ongoing basis.

HUBTOWN LIMITED ENTERPRISE RISK MANAGEMENT POLICY

Sr. No.	Area	Potential Risk	Risk Description	Mitigation Measures
1.	Natural and man-made disasters	o equipment failure o accidents o fire o earthquake o floods o acts of terrorism o explosions o burglary o accidents o other force majure events	• Injury or loss of life • Severe damage to and destruction of property and equipment; • Environmental damage • Likely disruption of business operations impacting revenues and profitability • Inability to complete project on schedule • Needless adverse publicity • Loss of potential business	▪ Adequate insurance policies against all conceivable risks arising from natural events ▪ Monitor to include new clauses to existing insurance policies to cover any new risk/threat perception ▪ Roll out Disaster Recovery Plan / Business Continuity Plan ▪ Providing fire and safety measures ▪ Fire safety drill to be carried out periodically ▪ Periodical check of fire safety equipment ▪ Upgrade security system
2.	Information Technology	o System failure / system crash o Obsolescence risks o Inadequate licensing rights o Data Integrity or Loss / Pilferage of confidential data and information o Anti-virus software failure o Delaying in providing information to customers / potential customers o Network failure o Hacking o Unavailability of data	• Rivals may gain access to business secrets and harm the business prospects of the Company • Viruses / spams can spread throughout the system either from e-mails or from internet • High network downtime resulting in unavailability of data • Adversely affect the ability to monitor, track record and analyse work-in-progress; • Inability to assess the progress of the projects or manage creditors/debtors. • Hacker can manipulate or delete critical data or spread virus into the system	▪ Hardware and software certification ▪ Maintain, repair, service and upgrade the entire system on a regular basis ▪ Use of licensed software which would ensure upgradation of the respective software on a regular basis ▪ Provide password protection at different levels to ensure data integrity ▪ Have in-built security controls in ERP/Oracle ▪ Instalvirus protection and firewall software/ anti spam device control ▪ Adequate back-up system / install UPS System ▪ Have intelligent data recovery in place

<table>
<tr><th>Sr. No.</th><th>Area</th><th>Potential Risk</th><th>Risk Description</th><th>Mitigation Measures</th></tr>
<tr><td>2.</td><td>Information Technology (contd.)</td><td></td><td>• All server related applications like accounts package / ERP package/other critical data lying on the server may become inaccessible
• Inability to retrieve documents would adversely affect operations and the ability to enforce comply with contractual or statutory obligations gets impaired
• Loss of business opportunities for want of updated hardware and software
• Tag of poor after-sales service</td><td>▪ Have structured cabling and monitor switches and routers
▪ Training of IT qualified personnel in all systems area
▪ Creation and roll out of IT Policy
▪ Weekly back-up of data on server
▪ Adequate storage capacity should be made available</td></tr>
<tr><td>3.</td><td>Legal Risks</td><td>o Frauds
o Judicial risks
o Contractual liability that may impose an onerous responsibility</td><td>• Judicial risks are likely to be severe if decisions go against the Company</td><td>▪ Evaluation of risks involved in a contract
▪ Ascertaining the responsibilities of the Company under the applicable laws of the contract
▪ Restricting the liabilities of the Company under the contract, and covering the risks involved so as to ensure adherence to all contractual commitments
▪ Disputes may preferably be resolved by arbitration and conciliation instead of time consuming traditional litigation remedies like civil and criminal proceedings;
▪ Establishment of a compliance management system.
▪ Cases before DRT and large money recovery cases must be evaluated and pragmatic solutions found</td></tr>
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Sr. No.	Area	Potential Risk	Risk Description	Mitigation Measures
3.	Legal Risks (contd.)			▪ Advisories and suggestions from professional consultants and industry bodies such as MCHI, CREDAI to be carefully studied and acted upon where relevant ▪ Contracts executed with clients and contractors must clearly specify the contractual liabilities, deductions, penalties, interest and force majure conditions ▪ Regular study/review of all contracts with focus on contractual liabilities vis-à-vis changes in applicable laws on a regular basis ▪ Contracts/agreements to be finalised based on advise received from legal counsel(s) • For routine operational contracts (like purchase orders), standardise terms and conditions that protect the Company's interests

Sr. No.	Area	Potential Risk	Risk Description	Mitigation Measures
4.	Human Resource Risk	o Unavailability of skilled people alongwith high attrition in the existing team could drain the intellectual capital o Higher recruitment and training costs o Delay in project execution/completio n o Loss of experience/expertise o Loss of key relationships	• Inability to attract and retain employees as a result of increased opportunities in the market • Higher salaries and opportunities for growth offered by competitors • Disgruntled employees leaving the organisation may share confidential information and data with competitors • Dissatisfaction with company policies / processes • Demotivation or lack of motivation • Significant dependence on few members of management • Loss of key management personnel	▪ Put in place proper recruitment policy for recruitment of personnel at various levels in the Company ▪ Leadership development programme ▪ Appropriate talent management policies to cope with the impact of attrition ▪ Well-defined appraisal system to provide career guidance and feedback ▪ Encourage employees to make suggestions on innovations, cost saving procedures and free exchange of other positive ideas. ▪ Implementation of formal exit interview procedure ▪ Long-term retention plan and performance related incentives and remuneration, benchmarked with the best industry standards ▪ Following policy of providing equal opportunity to every employee, inculcate in them a sense of belonging and commitment ▪ Purchase Keyman Insurance policies for KMP

Sr. No.	Area	Potential Risk	Risk Description	Mitigation Measures
4.	Human Resource Risk (contd.)			▪ Introduction of succession planning exercise for key management personnel. ▪ Delegation of authority to key professionals in functional areas and seeking their accountability ▪ Implementation of loyalty building programmes ▪ Train employees in areas other than their own specialization
5.	Withdrawal of Tax Benefits Risks	o Withdrawal of tax benefits would adversely impact the Company's tax incentives, tax liabilities and profits	• When the Company's tax incentives expire or are terminated, the tax expense will increase significantly,thus impacting the Company's bottomline	▪ Expedite execution and completion of incentives based projects so as to minimise the impact of sudden withdrawal of tax benefits /incentives
6.	Supply Chain Risks	o Constraints / failure of vendors / suppliers to deliver raw materials or components in the necessary quantities or to adhere to delivery schedules or specified quality / standards / technical specifications o Volatility in input prices	• Constraints in supply could adversely impact the Company's ability to complete the Projects as scheduled giving rise to contractual penalties or liability • Loss of reputation/standing in the market. • Increases in prices may adversely affect the profitability of the Company	▪ Stand-by alternative supplier of critical raw materials and equipment ▪ Penal clauses in purchase agreement. ▪ Close monitoring of market conditions and price movement of each critical raw material ▪ In-built cost escalation clauses in sale agreements ▪ Cover the raw material requirements on a 5 to 6 months horizon ▪ Consider contingencies while budgeting the cost of construction

Sr. No.	Area	Potential Risk	Risk Description	Mitigation Measures
7.	Land Acquisition Risk	o Uncertainty / irregularity in titles to land acquired /developed by the Company due to improper due diligence, forged documents, joint venture partners not having clear titles to lands, etc.	• Inability to transfer title • Exposure to legal disputes and related costs thereto • Impact on land valuations	▪ Proper due diligence by professionals having expertise and possessing adequate experience in the matter ▪ Representations and encumbrance certificates to be obtained from the seller ▪ Advertisements and public notices in press ▪ Suitable monetary compensation to settle disputes
8.	Compliance Risk	o Penalties or imprisonment or both for non-compliances on Directors and Officers involved	• Non-compliance with the requirements of labour laws, environmental laws and corporate laws due to lack of knowledge of legal requirements • Unorganised nature of labour market making compliance with labour laws difficult • Absence of corporate compliance management system or wilful negligence in non-compliance	▪ Use of external professionals having adequate expertise and experience in the matter ▪ Internal controls in place to comply with and monitor various statutory requirements ▪ Install corporate compliance management system ▪ Identify statutory regulations applicable across all functions, distribute detailed check-listand fix responsibility for compliance ▪ Ask for proof of compliance before making final payment to the contractors ▪ Periodical internal/external training ▪ Attend seminars on subject matter ▪ Effect Directors/Officers Liability Insurance ▪ Statutory audit at periodic intervals and compliance certification by management team

Sr. No.	Area	Potential Risk	Risk Description	Mitigation Measures
9.	Environmental Risks	o Long term business viability could be affected if the construction activity or the project itself is found to be environmentally unsafe	• Suspension of further construction of the project • Abandonment of the project • Costly and lengthy litigations • Impact on brand image	▪ Strict adherence to maintenance/inspection schedule ▪ Training ▪ Put in place emergency/disaster management plan
10.	Operational Risks	o Failure in quality and delay in completion of projects	• Critical equipment breakdown • Non-availability / availability of insufficient quantity of critical raw materials such as sand / cement /steel • Volatility in prices of key raw materials • Storage capacity limitation causing disruption and additional cost of storage / transportation when stored in outside godowns • Non-availability of rail/road transport carriers disrupting dispatches and in turn construction activities	▪ Strict adherence to scheduled preventive maintenance and onsite emergency plans ▪ Long term strategic alliances / supply contracts for all critical raw materials ▪ Developing alternative source of raw materials for uninterrupted supply of raw materials ▪ Flexibility in usage of raw materials from different sources ▪ Augmenting own storage capacity ▪ Accelerate project execution through prudent manpower planning, enhanced mechanisation to minimise the impact of increased costs ▪ Continuous monitoring of current trend in raw material prices ▪ Have proper inventory control system in place ▪ Periodic review of procurement plan

Sr. No.	Area	Potential Risk	Risk Description	Mitigation Measures
11.	Financial Reporting Risk / Corporate Accounting Fraud Risk	o Incorrect financial reporting due to misuse or misdirecting funds, overstating revenues, understating expenses, etc.	• Reporting incorrect, inaccurate and misleading financial information	▪ Understanding the applicable laws and regulations ▪ Conducting risk assessments ▪ Enforcing and monitoring code of conduct for top management ▪ Instituting Whistle Blower mechanism ▪ Adhering to internal control practices that prevent collusion and concentration of authority ▪ Employing mechanisms for multiple authorisation of key transactions with cross checks. ▪ Creating a favourable atmosphere for internal auditors in reporting and highlighting any instances of even minor non-adherence to procedures and manuals.
12.	Financial Risks	o Non-realisation of money from customers o Increasing interest costs on amounts borrowed for projects, which may get delayed o Non-supply of materials or breach of any conditions of contracts made with contractors, who do the construction of the projects, resulting in the need to re-route suppliers involving higher costs or delaying the project thus increasing the overall costs. o Imposition of any fresh or increased taxes or levies on the Company/industry by the government	• Bad debts • Interest rate risk impacting the cost of borrowing	▪ Continuous monitoring of receivables ▪ Healthy debt:equity coverage ratio - strong debt servicing capability; ▪ Asset-liability management is a strategic management tool to manage interest rate risk ▪ Sustain good credit rating facilitating borrowing at relatively lower rate of interest ▪ Maximise buyer's credit ▪ Effective management of financial resources so that the financial risks are minimised ▪ Management planning to reduce the level of inventories This risk is unavoidablein a business cycle

Sr. No.	Area	Potential Risk	Risk Description	Mitigation Measures
12.	Financial Risks (contd.)	o Discontinuance of any existing finance facilities given by banks / financial institutions, which may result in higher cost of borrowed funds to be taken from private lenders o Fall in profitability on account of increased costs not matched by increase in sale prices, and also fall in selling price of units o High cost of inventory due to delay in sale of projects		
13.	Internal Control Risks		• Weak internal controls can jeopardise the Company's financial position	▪ To put in place adequate internal control system, commensurate with its size and nature of operations so as to ensure smoothness of operations and compliances with applicable legislations ▪ Lay down clear policies for the approval and control of expenditure ▪ Capital and revenue expenditure to be monitored and controlled with reference to approved budgets ▪ Physical verification of assets to be done periodically ▪ Carry out independent internal audit to ensure adequacy of internal control systems and adherence to policies and practices ▪ To have in place Standard Operating Procedures for each activity

Sr. No.	Area	Potential Risk	Risk Description	Mitigation Measures
14.	Quality Risks	○ Inferior construction may not sustain the test of time	• The Company's credibility and business generating capability could be impacted • Customer complaints • Loss of credibility / reputation • Long drawn litigation at consumer forum / court • Loss of revenue	▪ Establishment of Quality Management Systems which is controlled through stringent ISO norms and other system implementation and periodical monitoring by outside certification agencies, by way of surveillance audit ▪ Set-up onsite quality control lab at each project site to test the incoming material quality ▪ Strengthen comprehensive quality culture ▪ Continued investment in quality improvement to ensure that there is no let up in delivering the best possible end product to the customer ▪ Focus on targeted dates and commitment to quality in every project and customer feedback to be studied with personal interaction with them, before, during and after project completion
15.	Working Capital Risks	○ An inefficient management of working capital can affect the ability to make timely payments to contractors and suppliers	• The Company might not be able to adhere to its scheduled project timeline affecting project delivery • An extended working cycle may affect the Company's ability to handle day-to-day operations	▪ Maintain adequate cash and bank balance to tide over emergency situations ▪ Finance working capital through short-term loans ▪ Put in place cash flow forecasting and reporting system to monitor the following: ❖ Preparation of monthly cash forecasts a month in advance against which actual cash position is tracked. ❖ Liquidity position and cash actuals to be tracked daily ▪ Funds management to becentralised which will ensure that liquidity and cash flows as a Company are managed well.

Sr. No.	Area	Potential Risk	Risk Description	Mitigation Measures
16.	Competition Risks	○ Due to fragmented nature of the real estate business, adequate information about the competitor's projects may not be available	• Risk of underestimating the supply in the market • Impact on turnover / profitability • Due to cyclical trends and new competitors, the industry may get into an oversupply mode, resulting in pressure on pricing • Possibility of competition from entry of new players in the market	▪ Continuous brand building / brand promotion keeping abreast of competitor's activities ▪ Maintaining low inventory ▪ Increase operational efficiency and take initiatives on a continuous basis to move up the quality control scale besides cost reduction and cost control initiatives ▪ Enter into a strategic alliance with landowners that would give easy access to large land bank • Adopt strategic business plan of entering into joint ventures with large players who have greater financial resources, economies of scale and operational efficiencies ▪ Adoption of a strategy revolving around exploiting competitive advantages over new entrants : unique and quality developments, marketing resources and existing brand name • Maintain its market by product differentiation and superior customer service ▪ Keep a watch on the market practices / technology advances / strategies of competitors

Sr. No.	Area	Potential Risk	Risk Description	Mitigation Measures
17.	Leverage Risks	○ Gearing risk (increase in indebtedness)	• Substantial increase in the Company's indebtedness may result in a gearing risk or high interest cost that adversely impact the Company's cash flows and profitability and may result in capital erosion	▪ Low gearing ▪ Reduce borrowings by retiring high cost debts ▪ Priority in creating assets which may take care of the financial health of the Company and protect it from debt trap
18.	Industry specific risk	○ Real estate market is adversely affected by changes in economic conditions, demographic trend, employment and income levels.	• Recession in the economy may cause the Company to experience limited availability of funds • In the event of a significant cyclical downturn, the Company's prospects would be adversely affected	▪ Undertake project of mass affordable housing ▪ Adopt business model of low margin & high turnover
19.	Technology / Consumer Preference Risks		• Change in construction technology could leave the Company lagging behind competitors • Change in consumer preference could make the planned projects or those under execution difficult to sell	▪ Extensive consumer research and survey ▪ Participate and attend property expo and exhibitions to get first hand feedback on latest trend in consumer preference and taste ▪ Attend management courses on construction technology which would give an insight on the latest construction technology ▪ Keeping a watch on market practices / technology advances / strategies of the competitors for continuous monitoring of the products and the marketing policies of the Company as well as understanding the consumer preferences ▪ Being alive to efficient and cost effective techniques of execution and open to changes and improvements at right stages of operations ▪ Continuous updating of the project management systems

Sr. No.	Area	Potential Risk	Risk Description	Mitigation Measures
20	Joint Venture Partner Risks	o Failure of joint venture partner to fulfil its obligations o Inability of joint venture partner to continue with a project	• The joint venture may not be able to perform adequately • The Company may be required to make additional investment in the joint venture or become liable for its obligations • There may be reduced profits or significant losses for the JV • The Company may have to bear increased or possibly sole responsibility for the joint venture project or abandoning the project	▪ This risk is unavoidable and cannot be eliminated altogether ▪ The impact may be minimised by having theJoint Venture Agreement carefully drafted by including therein suitable clauses which would take care of all possible causes for disputes and duly vetted by legal experts in the field
21.	Business Operation Risks	o Failure of planning and execution in any one of the functional areas of management-marketing engineering, finance o Organisation and management risks o Business interruption risks	• Lack of co-ordination amongst various functional departments can result in mismanagement of projects	▪ Improve channels of communication departments inter-se to avoid any conflict or communication gapbetween two departments ▪ Training programmes to be conducted for inter-personal skills and communication ▪ Creation of second level positions in each department to continue the work without any interruption in case of non-availability of functional heads
22.	Sales and Marketing (pre-sales)	o Customer dissatisfaction o Growth impacted o Loss of potential business o Reduced margin of profit	• Customer dissatisfaction with the sales processes due to over commitments / incorrect information provided by sales personnel • Customization requirement not being adequately addressed • Delay in processing and registering agreements	▪ Ready sample flat with standard specifications and accessories ▪ Adequate redressal system for property complaints ▪ Minimal customisation ▪ Ensure projects are launched only after all the requisite sanctions/approvals are obtained ▪ Streamline the process of execution and registration of agreements

Sr. No.	Area	Potential Risk	Risk Description	Mitigation Measures
23.	Sales and Marketing (post-sales)	o Customer dissatisfaction o Growth impacted o Loss of potential business o Reduced margin of profit	• Customer dissatisfaction with after sales processes due to lack of well defined customer redressal system • Disputes over cancellation charges • Inadequate property management	▪ Set up dedicated customer care department ▪ Customer complaints to be acknowledged within 24 hours ▪ Policy regarding cancellation charges to be clearly mentioned in the application forms and sale agreements ▪ The Company to manage property for atleast next 6 months post sales
24.	Business development Risk - I	o Higher financing cost o Lower demand for finished premises / units o Loss of potential customers o Impact on the type of the project that the Company undertakes o Adverse impact on reputation and brand image o Unwanted adverse publicity o Exposure to legal disputes and related costs o Delayed project commencement o Project abandonment	• Inability to obtain finance at all/finance on favourable terms / downgrading of debt rating / liquidity crunch, etc. • Failure to anticipate and respond to consumer requirements due to inadequate market research and analysis of changing consumer tastes / preferences / priorities • Presence /entry of fly-by-night developers resulting in decreased demand for the Company's projects • Issues with joint venture partners • Inability to use acquired land for intended use due to non-compliance with permitted land uses • Inability to pass titles to land	▪ Establish/set-up quality control department in-house ▪ Set-up dedicated Planning Department ▪ Increased use of cost-effective construction technology ▪ Hire services of agents for finance arrangement ▪ Initiate 'Know Your Customer' (KYC) ▪ Analysis of buying patterns / size of loan disbursement ▪ Undertake Direct Sales ▪ Ensure high quality of construction with superior accessories and fittings ▪ Establish / promote brand image ▪ Undertake affordable housing projects to attract more customers ▪ Clearly defined and pre-determined commercial terms ▪ Comprehensive Development Plan ▪ All land purchases approved by CM/MD ▪ Not to purchase land in green zone/land not zoned ▪ Due diligence process

Sr. No.	Area	Potential Risk	Risk Description	Mitigation Measures
25.	Business development Risk - II	o Reduction in property prices o Impact on demand for properties o Decreased demand for constructed properties o Inability to grow business	• Slump in real estate market • Significant decline in property prices • Declining affordability as a result of increase in interest rates • Withdrawal of tax benefits • Decrease in availability of home loans • Inability to grow existing land bank as desired due to inability /delay in procuring contiguous land for large projects • Inability to build land bank at strategic locations at low costs	▪ Certain flexibility in prices ▪ Keep land acquisition cost low ▪ Develop ability to adapt to changing circumstances ▪ Low outstanding on land payments ▪ Mass low cost affordable housing projects ▪ Live with this risk since availability of large chunk of land in urban/metro cities is scarce
26.	Project Execution Risks - I	o Delay in project completion o Impact on reputation o Delays in project completion o Cost overrun o Reduced Margins o Impact on quality of construction o Delays in project completion o Impact on brand image o Financial Loss o Unwanted adverse publicity	• Sub-standard construction quality due to dependence on third party • Absence of adequate number of experienced structural consultants • Use of sub-standard quality of raw materials • Reduced margins due to significant escalation in prices of materials, labour costs post project commencement • Ineffective planning, etc • Inability to adopt newer construction technology • Loss due to theft, accident at site, defect, etc.	▪ Set-up in-house construction and quality team ▪ Use of a comprehensive check list for likely hurdles and snags in project execution ▪ Certification of structure by government approved consultants ▪ Effect defect liability insurance ▪ Seek expert advice and opinion from local consultants ▪ Implementation of newer construction technology to reduce construction time ▪ Dedicated planning department ▪ Provision for certain percentage as contingency margin in initial estimate ▪ Adopt newer selling strategy ▪ Employ Key Management Personnel in the know of abc of latest construction technology ▪ Attend seminars and conferences on subject matter ▪ Visit/participation in property exhibitions ▪ Implementation of asset management system

Sr. No.	Area	Potential Risk	Risk Description	Mitigation Measures
27.	Project Execution Risks - II	○ Higher construction costs ○ Impact on reputation ○ Customer dissatisfaction ○ Payment of penalties to customers ○ Delays in project completion ○ Compensation/litigation costs ○ Unwanted adverse publicity ○ Loss of reputation ○ Inefficient project management could affect project schedules	• Delays in completion of project due to shortage of skilled labour, materials, contractors • Death of labourers at construction sites / • Accidents on site due to non-adherence to safety procedures • Non-enforcement of safety procedures • The Company's profitability could be affected by inefficient project planning	▪ Increased usage of mechanised equipment reducing their by dependency on manual labour ▪ Supply of labour out-sourced to sub-contractors ▪ Dedicated planning department ▪ Insertion of penal clause in agreements with contractors ▪ Extension of working hours on week days and working on sundays ▪ Purchasing in bulk from outside the State ▪ Clearance of bills as per defined turn around time ▪ Posting of safety officers on site ▪ Conduct training programmes on safety ▪ Workmen's insurance policy ▪ Ensure that the workers employed by the contractors are insured ▪ Conduct test audit of each project site/location ▪ Observe safety week/month ▪ Set-up dedicated project management cell/team ▪ Create blue print to identify resource requirement and availability, fund flow, supplier and equipment arrangement to ensure smooth project implementation and optimal resource utilisation
28.	Project Execution Risks- forays into newer geographical areas	○ Delay in project completion ○ Cost Factor ○ Impact on reputation ○ Stay Order from Court due to PIL ○ Under-estimation of Project Costs	• New territory risks arising from uncertainty in the natural parameters • Inadequate knowledge of local regulations	▪ Seek expert advice and opinion from local consultants ▪ Location audit on process implementation effectiveness

Sr. No.	Area	Potential Risk	Risk Description	Mitigation Measures
29.	Receivables Risks	○ Risk in settlement of dues by customers ○ Impact on working capital ○ Loss of interest ○ Dues becoming bad	• Debtor's cycle could potentially affect the Company's cash flow, while sales to customers could translate into bad debts	▪ Monitoring receivables and debt collection and ensure that the overdues are maintained at levels not affecting the cash flows of the Company ▪ Appropriate recovery management and follow-up ▪ Progressively bring down receivables
30.	Inflation and Cost Structure Risks	○ Uncontrolled costs	• Adverse impact on profitability and liquidity	▪ Implementation of Cost optimisaton and cost reduction initiatives and close monitoring of the same ▪ Cost control through budgetary mechanism and its review against actual performance
31.	Liquidity Risks	○ The Company's business may consume more cash than it generates creating thereby a liquidity trap	• Dynamic liquidity risk : mismatch of sources and uses of funds • Structural liquidity risk : long term/short term sources with short term/long term uses • The Company may not be able to liquidate its assets promptly in response to changing economic conditions in the real estate market or may be required to give substantial reduction in the price to ensure faster sales	▪ Put in place proper financial planning with detailed Annual Business Plan discussed at appropriate levels in the organization ▪ Fine tuning capital budgeting and cash flow at the project level, at the company level as well as consolidation of the projects for the company as a whole as well as regular variance analysis for mid-course correction and action ▪ Avail cash management services from banks to avoid loss of interest on collections
34.	Regulatory Environment Risks	○ Adverse policy changes	• Adverse changes in local government policies or regulations could lead to adverse impact on business environment	▪ Closely monitor government policies and announcements. ▪ Make representations to authorities through trade & industry associations for changes that would favourably impact the industry and the Company

Sr. No.	Area	Potential Risk	Risk Description	Mitigation Measures
35.	Trademarks /Intellectual Property Rights Risks	o Unauthorised use by third parties.	• Unauthorised use by third parties/counterfeits may damage the goodwill and reputation of the company and its products	▪ The Company has taken necessary action to register its brand names/trademarks ▪ The Company has a full time surveillance team to track down unauthorised use ▪ Prompt legal action is taken to stop such unauthorised use
36.	Risk of diversification into new business (unrelated to the present business)	o Failure to effectively communicate foray into new business o Failure to execute new business plan o Failure to monitor delivery of business plan objectives o Failure to translate strategy into an operational business plan	• Adverse political development • Adverse developments in the wider economy • Regulatory and/or legal issues • Focus and commitment to existing business may suffer • May entail heavy investment in human and technical resources • Lack of easy availability of cheap finance	▪ Effectively promote and leverage brand image ▪ Develop systems and structures to make it easier to handle problems ▪ Setting up core management team with a sharp eye on business environment ▪ Effective Management Information Systems to be put in place ▪ Regularly revisiting and updating business plan. ▪ Keeping abreast of changing market conditions ▪ Redeployment of employee skills ▪ Training and developing employees ▪ Careful reinvestment of existing company resources ▪ Knowing and reviewing the success formula – how the organisation will achieve success and profit on a sustainable basis. ▪ Effective delegation of authority and responsibility